

Message Text

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DEPARTMENT FOR H, EUR, PA, ALSO PASS TO HAL LEVY OF SENATOR'S STAFF

E.O. 11652: N/A
TAGS: OREP, SOPN, UR
SUBJECT: CODEL STEVENSON PRESS CONFERENCE

1. UNITED STATES SENATOR ADLAI E. STEVENSON III, DEMOCRAT
OF ILLINOIS, MET WITH AMERICAN CORRESPONDENTS IN MOSCOW
JANUARY 16. THE SENATOR'S PRESS CONFERENCE LASTED FROM 1830
TO 1920 LOCAL TIME (1530 - 1620 GMT). PRESENT WERE DEPUTY
ASSISTANT SECRETARY LUERS AND PROFESSOR JOHN LEWIS. FOLLOWING
IS A FULL TRANSCRIPT.

2. (BEGIN TEXT)

SENATOR STEVENSON: WE STARTED THIS TRIP IN HUNGARY WITH THE
RETURN OF THE CROWN OF ST. STEPHEN, AND I STAYED AFTER THE
DELEGATION LEFT TO HAVE SOME TALKS WITH HUNGARIAN OFFICIALS,
MOSTLY ON ECONOMIC MATTERS. THEN WE WENT ON TO BUCHAREST,
AGAIN TO DISCUSS, PRINCIPALLY, ECONOMIC QUESTIONS, AND THEN TO MOSCOW
TO DISCUSS THE SAME PLUS SALT. WE GO FROM HERE TOMORROW MORNING
TO WARSAW FOR MORE ECONOMICS AND THEN TO GENEVA FOR SALT.
THOSE HAVE BEEN THE PURPOSES, AND BECAUSE I'M THE CHAIRMAN OF
THE SENATE SUBCOMMITTEE ON INTERNATIONAL FINANCE, WHICH HAS
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JURISDICTION OVER EXPORT POLICY GENERALLY AND MONETARY
MATTERS. BUT THE EXPORT JURISDICTION INCLUDES CREDITS - EX-IM
BANK CREDITS, NOT C.C.C. - AND THAT LEGISLATION EXPIRES THIS
YEAR SO WE'LL SOON BE TAKING UP EX-IM BANK INCLUDING THAT
QUESTION. I'LL BE STARTING NEXT MONTH SOME WIDE-RANGING
HEARINGS ON EXPORT POLICY GENERALLY INCLUDING GETTING INTO
EX-IM BANK AS WE GO ALONG. AND SALT, I DON'T GET INTO SALT

AS A RESULT OF MEMBERSHIP ON THE FOREIGN RELATIONS COMMITTEE BUT AS A SUBJECT I FEEL IS IMPORTANT. I'M INTERESTED IN IT. THERE IS SOME THOUGHT THAT MAYBE MY POSITION ON THE INTELLIGENCE COMMITTEE WILL GIVE ME SOME OPPORTUNITIES TO DISCUSS CERTAIN ISSUES DURING THE DEBATE INCLUDING VERIFICATION. THAT IN A NUTSHELL IS WHY I'M HERE, AND THE PRINCIPAL PURPOSES OF THE TRIP - ALTHOUGH WE'VE TALKED ABOUT EVERYTHING UNDER THE SUN. I DON'T KNOW HOW MUCH BILL HAS TOLD YOU. . . .

MR. LUERS: THEY KNOW THE APPOINTMENTS YOU'VE HAD.

SENATOR STEVENSON: GOOD.

QUESTION: CAN YOU TELL US ABOUT YOUR APPOINTMENTS WITH GROMYKO AND PATOLICHEV?

SENATOR STEVENSON: WITH THE FOREIGN MINISTER WE DISCUSSED SALT AND I'VE TRIED IN MOST OF THESE SITUATIONS TO EMPHASIZE, TO TALK ABOUT, THE PERCEPTIONS OF THE SENATE. IN BOTH CASES, MATTERS WILL BE BEFORE THE SENATE AND I THINK IT'S IMPORTANT FOR THEM TO UNDERSTAND ATTITUDES IN THE SENATE. I EMPHASIZED THAT THE WHOLE QUESTION OF MODERNIZATION COULD BECOME A PROBLEM IN THE SENATE AND THE IMPORTANCE OF COMING TO TERMS AT GENEVA THAT WOULD NOT RAISE QUESTIONS ABOUT THE ABILITY OF PARTIES TO MODERNIZE. WE DON'T WANT TO ENTER A QUANTITATIVE AGREEMENT ONLY TO FIND OURSELVES IN ANOTHER QUALITATIVE RACE, CERTAINLY NOT IN UNCLASSIFIED

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A RACE THAT WOULD PUT THE UNITED STATES TO ANY DISADVANTAGE. HE SEEMED TO UNDERSTAND THE POINT AND I THOUGHT HE TOOK A SORT OF CONCILIATORY ATTITUDE. BUT WHAT ALL THAT SIGNIFIES IN TERMS OF SPECIFICS AT GENEVA I DON'T KNOW. WE DIDN'T GET INTO THE DETAILS.

QUESTION: DID HE HAVE A SPECIFIC VIEWPOINT?

SENATOR STEVENSON: WELL, YES. I DON'T KNOW QUITE HOW TO RECAPITULATE THE WHOLE THING. HE AGREED IN PRINCIPLE AND THEN QUALIFIED HIS AGREEMENT BY STATING THAT OF COURSE NEITHER PARTY SHOULD BE PREVENTED FROM PUTTING NUTS AND BOLTS IN PLACE. THEY'LL AGREE TO CERTAIN CRITERIA, CERTAIN STANDARDS, BUT NOT TO ANY PROHIBITIONS THAT PREVENT NUTS AND BOLTS. I THINK NUTS AND BOLTS WAS A PHRASE THAT....

PROFESSOR LEWIS: THAT WAS HIS PHRASE.

SENATOR STEVENSON: ... THAT HE USED. WHERE YOU GO FROM THAT IS BEYOND ME AT THE MOMENT. I'LL HAVE A CHANCE TO DO SO IN GENEVA NOT JUST WITH THE AMERICAN NEGOTIATORS BUT ALSO WITH THE SOVIETS. ON THE ECONOMIC ISSUES, I HAVE IN ALL THESE CASES TRIED TO SUGGEST THAT THE ACTIONS OF THE CONGRESS WILL BE DETERMINED IN

LARGE MEASURE BY THE CLIMATE WITHIN WHICH IT ACTS. THAT IS TO SAY, ACTION ON ECONOMIC QUESTIONS SUCH AS CREDITS OR MFN WILL BE INFLUENCED BY CONDITIONS IN THE MIDDLE EAST, BY SOVIET ACTIVITIES IN THE HORN OF AFRICA, BY THE CONDITION OF DISSIDENTS, EMIGRATION POLICY, SHCHARANSKIY, SALT, AND ALL THE REST.

QUESTION: YOU MENTIONED SHCHARANSKIY'S NAME?

SENATOR STEVENSON: YES. IN GROMYKO'S CASE. I MADE THE GENERAL OBSERVATION I THINK IN ALL THESE CONVERSATIONS. I DID MENTION SHCHARANSKIY'S NAME IN THE CONVERSATION WITH GROMYKO, HALF EXPECTING A LECTURE, AND I DIDN'T RECEIVE IT

QUESTION: WHAT WAS HIS REACTION?
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SENATOR STEVENSON: HE PASSED OVER IT, IN A WAY THAT INDICATED HE'D HEARD ALL THIS BEFORE AND WANTED TO MOVE ON. SO IT WASN'T CONTENTIOUS BUT IT WASN'T VERY FORTHCOMING EITHER.

QUESTION: DID YOU REFER SPECIFICALLY TO TRADE, TO AN INCREASE IN SOVIET-AMERICAN TRADE?

SENATOR STEVENSON: I HAVE DIFFICULTY IN THESE TRAVELS, AS AT HOME, GETTING THE POLITICIANS TO COME TO GRIPS WITH ECONOMICS. I THINK THIS IS A UNIVERSAL DIFFICULTY. IT WAS A PROBLEM THAT HENRY KISSINGER HAD. TO MY OWN WAY OF THINKING, ECONOMICS IS POLITICS AND ECONOMICS IS TOO IMPORTANT FOR ECONOMISTS. WE DON'T BEGIN TO UNDERSTAND ALL OF THE NEW RULES OF ECONOMICS.

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WE'RE STILL APPLYING OLD FAMILIAR KEYNSIAN NOSTRUMS, ON THE WHOLE, TO A DISEASE FOR WHICH THOSE OLD PRESCRIPTIONS ARE NOT APPROPRIATE. THE DISEASE IS MOSTLY INTERNATIONAL. AT HOME IT'S STRUCTURAL. ENERGY IS AN OBVIOUS ATTEMPT - ENERGY IS AN INTERNATIONAL PROBLEM. BUT IT'S BEEN FRUSTRATING. I HAVE A DEVIL OF A TIME BRIDGING THE TWO, AT HOME AS WELL AS ABROAD. NO, WITH GROMYKO I DIDN'T FEEL THAT WE HAD GOTTEN VERY FAR ON ECONOMIC ISSUES. IT WAS AS IF THAT WAS SOMEBODY ELSE'S DEPARTMENT. THEN YOU GO TO THE OTHER DEPARTMENT AND YOU GET INTO THE TRADE ISSUES. ON THE ECONOMIC SIDE IT SEEMED TO ME THAT WE OUGHT TO ENLARGE THE SCOPE OF THE DEBATE, TO GET BEYOND NARROW JACKSON-VANIK TYPE QUESTIONS, TO BEGIN TO CONSIDER FOR EXAMPLE THE RELEVANCE OF THE GLOBAL MONETARY SYSTEM. IT ISN'T A GLOBAL MONETARY SYSTEM. PERHAPS WE OUGHT TO HAVE ONE IF WE'RE TO BEGIN TO BREAK DOWN ARTIFICIAL BARRIERS TO TRADE AND COMPETE WITH OURSELVES FOR BOTH OUR BENEFITS AND IN PEACEFUL WAYS. BUT IT'S NOT EASY TO DO THAT.

QUESTION: DID GROMYKO MENTION THE STEVENSON AMENDMENT?

SENATOR STEVENSON: NO, IN ALL OF THESE CONVERSATIONS I'VE EXPLAINED THE BACKGROUND AND THE HISTORY OF THAT AMENDMENT, AS A WAY OF CLEARING THE AIR, AND WITH NO EXCEPTION IT HAS NOT BEEN UNDERSTOOD. IT IS NOT UNDERSTOOD IN THE UNITED STATES,
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IT WAS NOT UNDERSTOOD BY AMBASSADOR DOBRYNIN WITH WHOM I TALKED BEFORE LEAVING, AND IT HAS BEEN UNDERSTOOD BY NO ONE HERE. I DON'T THINK YOU FELLOWS KNOW EITHER. I KEPT IT TO MYSELF - IT'S A PRETTY WELL-GUARDED SECRET BECAUSE NO ONE LISTENS TO THE DEBATES OR TO THE AUTHOR OF THE AMENDMENT.

QUESTION: IF YOU WERE A JOURNALIST, HOW WOULD YOU DESCRIBE IT IN FIVE WORDS?

SENATOR STEVENSON: THAT'S THE PROBLEM.

QUESTION: TEN WORDS?

SENATOR STEVENSON: IT'S NOT A CELING. THEY KEPT BRINGING OUT TWO PIECES OF PAPER. THREE HUNDRED MILLION DOLLARS; FOUR INTO THREE HUNDRED MILLION DOLLARS - SEVENTY-FIVE MILLION FOR ONE YEAR. I ASSUME THAT'S BECAUSE THE EX-IM AUTHORIZATION WENT OUT FOR FOUR YEARS AND THE STEVENSON AMENDMENT SAID YOU CAN

GO UP ANOTHER THREE HUNDRED MILLION DOLLARS BEYOND WHAT YOU HAVE, WHICH WAS FOUR SIXTY NINE, FOR A TOTAL OF ABOUT SEVEN HUNDRED AND SIXTY NINE MILLION DOLLARS.

QUESTION: OVER A PERIOD OF FOUR YEARS?

MR. LUERS: ADLAI, I THINK YOU'D BETTER START OVER. THEY WOULD LIKE TO KNOW WHAT THE STEVENSON AMENDMENT IS. THEY WANTED ME TO EXPLAIN IT AND I SAID I WOULDN'T DREAM OF GETTING INTO THAT.

SENATOR STEVENSON: WELL, IT'S REALLY VERY, VERY SIMPLE. WE WERE FACED WITH JACKSON-VANIK, WHICH YOU ARE FAMILIAR WITH: NO CREDITS OR MFN WITHOUT ASSURANCES ON EMIGRATION POLICY.

MR. LUERS: WE'RE TALKING ABOUT THE SPRING OF SEVENTY-FOUR NOW...
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SENATOR STEVENSON: I WAS A CO-SPONSOR OF JACKSON-VANIK AND I VOTED FOR IT, BUT WAS NOT SATISFIED THAT THAT WAS THE BEST POSSIBLE FORMULA. SO I DEvised MY OWN AS A POSSIBLE SUBSTITUTE FOR JACKSON-VANIK. THAT WAS THE STEVENSON AMENDMENT, WHICH SAID THAT WITH RESPECT TO ... WELL, AMONG OTHER THINGS, THE GERMANE PART SAID THAT WITH RESPECT TO CREDITS TO THE SOVIET UNION, FOUR HUNDRED SIXTY NINE MILLION ARE OUTSTANDING NOW. THE EX-IM BANK CAN EXTEND UP TO AN ADDITIONAL THREE HUNDRED MILLION DOLLARS, AT WHICH POINT, IF IT SEEKS ADDITIONAL CREDITS IT SENDS A MESSAGE TO THE CONGRESS PROPOSING A HIGHER FIGURE. THAT HIGHER FIGURE WILL BE VOTED UP OR DOWN BY CONCURRENT RESOLUTION. IT'S GUARANTEED A VOTE. THEY MAY PROPOSE A BILLION DOLLARS OR TWO BILLION DOLLARS - WHATEVER IT IS, WE JUST VOTE UP OR DOWN. THERE WAS NO TIME FRAME. THE ADMINISTRATION COULD WITHIN A DAY, WITHIN A YEAR, AT ANY POINT, SEND UP REQUESTS FOR ADDITIONAL AUTHORITY FOR CREDITS TO THE SOVIET UNION. THAT WAS ONE OF THE MAJOR MISCONCEPTIONS. THEY THOUGHT THIS WAS OVER FOUR YEARS; IT COULD HAVE BEEN ONE DAY. THREE HUNDRED MILLION DOLLARS WAS AN ARBITRARY FIGURE BUT PICKED WITH THE CO-OPERATION OF THE STATE DEPARTMENT AS A ROUGH ESTIMATE OF WHAT WOULD BE NEEDED FOR ONE YEAR. WE FIGURED AN ANNUAL REVIEW WAS A SORT OF REASONABLE PERIOD TO SHOOT FOR A REVIEW OF CREDITS. I PROPOSED ALL OF THIS BECAUSE IT SEEMED TO ME TO MAKE MORE SENSE TO PERIODICALLY REVIEW CREDITS AGAINST SOVIET CONDUCT - NOT JUST ON EMIGRATION BUT ACROSS THE WHOLE BOARD. MFN, SALT, YOU NAME IT. THERE WAS NO EXPLICIT LINKAGE TO EMIGRATION OR ANYTHING ELSE BUT BY IMPLICATION, WHICH WOULD HAVE BEEN ACCEPTABLE - NO EXPLICIT INTERFERENCE IN INTERNAL AFFAIRS - CREDITS WOULD BE MADE AVAILABLE AGAINST THIS CONTINUING EVALUATION OF BEHAVIOR IN THE CONGRESS. THEN AS A RESULT OF...

MR. LUERS: THIS WAS AN AMENDMENT TO THE TRADE ACT...

SENATOR STEVENSON: MINE WAS AN AMENDMENT TO THE EX-IM BILL.

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MR. LUERS: HE DESIGNED IT AS AN ALTERNATIVE TO THE JACKSON-VANIK, WHICH WAS ON THE TRADE BILL.

SENATOR STEVENSON: WELL, I WAS GOING TO TRY TO GET IN ON BOTH, AND THEN DUE TO THAT I CAN'T RECALL AND COULDN'T PREDICT AT THE TIME - THEY INVOLVED THE BELATED DISCLOSURE OF THE GROMYKO LETTER TO KISSINGER INDICATING THAT ALL BETS WERE OFF ON JACKSON-VANIK - IT BECAME TOO LATE TO WORK ALL THIS OUT. AND WE GOT BOTH, AS A RESULT OF WHICH MY AMENDMENT, THOUGH IT BECAME LAW, IS NOT OPERATIVE AT ALL. ON THE FLOOR WE HAD THE TRADE ACT AND THE EX-IM LEGISLATION ON THE FLOOR WITHIN A SHORT PERIOD OF TIME. IT'S HARD FOR ME OFF HAND TO RECONSTRUCT ALL OF THIS. BUT YOU ENDED UP WITH BOTH OF THEM, BOTH THESE PROVISIONS, IN BOTH THE TRADE ACT AND THE EX-IM LEGISLATION. AND THAT NOW PUTS US IN A VERY DIFFICULT PROCEDURAL SITUATION. THE EX-IM BANK LEGISLATION COMES UP THIS YEAR AND I'LL HAVE SOME CONTROL OVER THAT. BUT TO RESOLVE THE PROBLEM YOU'VE GOT TO AMEND THE TRADE KNOW.

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MR LUERS: THE IMPORTANT THING IS THAT IT WAS ORIGINALLY DE-

SIGNED AS AN ALTERNATIVE TO JACKSON-VANIK.

QUESTION: THE STEVENSON AMENDMENT IS TO THE EXPORT-IMPORT BANK BILL?

SENATOR STEVENSON: YES, BUT IT GOT TACKED ONTO THE TRADE ACT TOO.

QUESTION: THAT MUCH IS CLEAR, BUT IT SET A THREE-HUNDRED MILLION DOLLAR LIMIT ON EXPORT-IMPORT BANK FINANCING, ABOVE EXISTING LEVELS.

SENATOR STEVENSON: WE GET INTO SEMANTICS NOW. YES, BUT IT WAS INTENDED TO BE A PROCEDURAL ALTERNATIVE TO JACKSON-VANIK. THE THREE HUNDRED MILLION WAS A KIND OF A TRIGGER POINT, AT WHICH A CONGRESSIONAL REVIEW TOOK PLACE TO DETERMINE, YOU KNOW, WHERE YOU WENT AT THAT POINT. SO IN A SENSE YES, BUT IN A SENSE IT WAS A STAGE IN A CONTINUING PROCEDURE THAT DETERMINED THE AMOUNT OF CREDITS. IT WAS NOT INTENDED TO BE (A LIMIT).

QUESTION: BUT IN THE LANGUAGE OF THE LAWS, IS IT A LIMIT?

SENATOR STEVENSON: WELL, YOU COULDN'T GO BEYOND IT...

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QUESTION: WITHOUT A REAPPRAISAL.

SENATOR STEVENSON: THAT'S RIGHT.

QUESTION: AND HAS SUCH A REAPPRAISAL TAKEN PLACE UP UNTIL NOW?

MR. LUERS: IT NEVER WAS OPERATIVE. IT CAN'T.

SENATOR STEVENSON: SEE, JACKSON-VANIK KNOCKED IT ALL OUT.

QUESTION: AND JACKSON-VANIK FORBIDS EXPORT-IMPORT BANK FINANCING?

SENATOR STEVENSON: NO. WHAT IT SAYS IS - BILL, YOU CAN REMEMBER THIS BETTER THAN ME - THE PRESIDENT HAS TO MAKE CERTAIN FINDINGS AND HAS TO INDICATE THAT HE HAS RECEIVED CERTAIN ASSURANCES. THE LETTER THAT I REFERRED TO WAS SENT TO KISSINGER BY GROMYKO IN OCTOBER, AS I RECALL, AND IN IT HE SAID THAT WE'RE NOT PLAYING THIS GAME. WE CAN'T GRANT YOU ALL THESE ASSURANCES WITH WHICH YOU CAN THEN MAKE THE FINDING. AND THAT WASN'T DISCLOSED UNTIL WE WERE JUST ON THE EVE OF ADJOURNMENT. AT THAT POINT IT WAS JUST TOO DAMN LATE TO UNRAVEL THE WHOLE THING. THE CONGRESS WAS PROCEEDING ON THE ASSUMPTION THAT JACKSON-VANIK WAS ACCEPTABLE TO THE SOVIET UNION. IT DIDN'T KNOW THAT IT WAS UNACCEPTABLE UNTIL IT WAS TOO LATE TO REVERSE MOTION. THEN WE ENDED UP WITH BOTH.

QUESTION: YOU'RE SAYING THE STEVENSON AMENDMENT IS INOPERATIVE NOW?

SENATOR STEVENSON: IT'S INOPERATIVE NOW. IT'S LAW, BUT IT'S INOPERATIVE NOW BECAUSE THE SOVIET UNION WILL NOT, AS GROMYKO SAID THEN, ACCEPT JACKSON-VANIK. HE WON'T GIVE THE ASSURANCES ON THE NUMBERS. SO THE PRESIDENT CAN'T MAKE THE NECESSARY

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FINDINGS. THEREFORE THERE CAN BE NO CREDITS AND NO MFN. NONE AT ALL.

QUESTION: SO, EXCEPT FOR THAT FOUR HUNDRED AND SIXTY NINE MILLION DOLLARS OF PREVIOUS EXPORT-IMPORT BANK FINANCING, THERE'S BEEN NO FURTHER EXPORT-IMPORT BANK CREDIT FOR THE SOVIET UNION SINCE SEVENTY-FOUR?

SENATOR STEVENSON; THAT'S RIGHT. NOW, UP TO THAT POINT THERE HAD ALSO BEEN, AND THIS IS IMPORTANT BACKGROUND TOO, THERE HAD ALSO BEEN C.C.C. CREDITS FOR A TOTAL OF ABOUT ONE BILLION, ALL IN THE SPACE OF ABOUT A YEAR.

QUESTION: WHAT IS C.C.C.?

SENATOR STEVENSON: COMMODITY CREDIT CORPORATION. THAT'S FOR THE PURCHASE OF FOOD, THAT'S THE WHEAT DEAL. AND THAT'S A VERY IMPORTANT PART OF THE HISTORY. THIS CAME AFTER THE WHEAT DEALS AND DURING THE PURSUIT OF A DETENTE WITH CREDITS, AND WE WERE BEING ASKED AT THAT POINT TO PASS EX-IM BANK LEGISLATION WITH, I BELIEVE, A THIRTY BILLION DOLLAR AUTHORIZATION IN IT FOR CREDITS. SO YOU'D GONE FROM ZERO TO ONE BILLION IN A YEAR AND THEY WERE ASKING WORLD-WIDE FOR THIRTY BILLION DOLLARS IN CREDITS FOR THE EX-IM. HENRY WAS PURSUING DETENTE; HE WAS PURSUING INTERESTS IN ALL AROUND THE WORLD WITH HIS BAGFUL OF CREDITS, WITH EX-IM BANK AND C.C.C. CREDITS. THERE WAS NO WAY THAT THE CONGRESS AT THAT POINT WAS GOING TO GIVE HIM A THIRTY BILLION DOLLAR BLANK CHECK. SO I CAME UP WITH THIS NOT JUST AS A POSSIBLE ALTERNATIVE TO JACKSON-VANIK BUT AS A WAY OF GETTING OVER THIS LARGER HURDLE, MAKING CREDITS POSSIBLE AGAINST THE CONTINUING REVIEW, PRESERVING A LITTLE LEVERAGE.

QUESTION: WAS THE THIRTY BILLION MEANT TO BE ALL FOR THE SOVIET UNION?

SENATOR STEVENSON: NO, THIRTY BILLION, THIS IS TOTAL FOR THE

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EX-IM BANK. BUT IT COULD HAVE BEEN USED. OF COURSE, IT WOULDN'T HAVE BEEN. BUT THIRTY BILLION DOLLARS, ALL OF WHICH THEY COULD TAKE FOR NUCLEAR REACTORS IN EGYPT AND AT THAT POINT MAYBE FIVE BILLION FOR THE SOVIET UNION. THIS WAS MORE THAN THE CONGRESS COULD SWALLOW, OR SHOULD HAVE SWALLOWED, IT SEEMS TO ME.

QUESTION: IN CONGRESS, HOW MUCH SENTIMENT HAS THERE BEEN IN RECENT MONTHS OR YEARS TO LOOSEN THIS LOGJAM AGAIN, WITH A REVISION OF EITHER OR BOTH AMENDMENTS, AND WHAT DO YOU THINK THE EFFECT WOULD BE ON THIS SENTIMENT IF IT EXISTS IF SHCHARANSKIY IS PUT ON TRIAL?

SENATOR STEVENSON: MY ANTENNAE TELL ME THAT THERE ARE VERY FEW MEMBERS WHO ARE COMFORTABLE WITH JACKSON-VANIK, LINKAGE ON THAT ONE ISSUE. THERE ARE VERY FEW WHO WOULD BE COMFORTABLE TODAY WITH A THIRTY BILLION DOLLAR BLANK CHECK FOR THIS ADMINISTRATION. THEY'D LIKE ANOTHER FORMULA. THEY KNOW THAT JACKSON-VANIK IS UNACCEPTABLE TO THE SOVIET UNION. IF SHCHARANSKIY IS TRIED, IT WOULD BE IMPOSSIBLE TO BREAK OUT OF THIS SITUATION.

QUESTION: EVEN IF IT'S JUST "TRIED"?

SENATOR STEVENSON: IF HE'S BEING TRIED. IF HE'S BEEN TRIED AND ACQUITTED BY THE TIME THIS COMES UP, WHY THAT WOULD BE A DIFFERENT MATTER. BUT IF HE'S BEING TRIED OR HAD BEEN TRIED AND CONVICTED, IT WOULD MAKE POSITIVE ACTION BY THE CONGRESS MOST UNLIKELY.

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QUESTION: EVEN IF HE'S TRIED ON A REDUCED CHARGE? IN OTHER WORDS, SUPPOSE HE'S NOT TRIED ON TREASON.

SENATOR STEVENSON: IT WOULD NOT BE HELPFUL.

QUESTION: YOU TOLD GROMYKO THIS?

SENATOR STEVENSON: WELL, THAT WAS THE PLAIN IMPLICATION. YOU KNOW, WE DIDN'T GET ALL THAT EXPLICIT...

QUESTION: THERE'S BEEN SOME SUGGESTION THAT THE REACTION IN CONGRESS MIGHT NOT BE AS HOSTILE IF THE CHARGE IS REDUCED. IN OTHER WORDS, CARTER HAS SAID HE DIDN'T WORK FOR THE C.I.A. SO THEY HAVE STOPPED REFERRING TO TREASON. NOW, MY QUESTION IS: IF IT'S SOME SORT OF REDUCED CHARGE AND A LIGHT SENTENCE IS THE RESULT, OR THEY EXPEL HIM, WHAT WOULD THE MOOD IN CONGRESS BE THEN?

SENATOR STEVENSON: THAT'S REALLY DIFFICULT FOR ME TO ANSWER THAT HYPOTHETICAL. CERTAINLY THE CONGRESS WOULD BE LESS INDIGNANT BUT IT WOULD DEPEND ON THE CHARGE AND IT'S POSSIBLE THAT A LIGHT CHARGE FOLLOWED BY EXPULSION WOULD NOT HAVE AS SERIOUS AN EFFECT. IT CERTAINLY WOULD NOT HAVE A POSITIVE EFFECT.

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QUESTION: IF THIS EXPORT-IMPORT BANK LEGISLATION IS COMING UP FOR REVIEW THIS YEAR, THIS SEVENTY-FOUR LEGISLATION, IS IT YOUR THOUGHT THAT THE STEVENSON AMENDMENT MIGHT BE A PLAUSIBLE ALTERNATIVE TO JACKSON-VANIK AT THIS POINT IN TIME?

SENATOR STEVENSON: WELL, THERE'S NOTHING MAGIC IN THE NUMBERS. BUT I STILL THINK A PROCEDURAL FORMULATION LIKE THAT WOULD BUESTION: DO YOU THINK THAT THERE'S SOMETHING WRONG WITH JACKSON-VANIK? HOW DO YOU FEEL ABOUT THAT?

SENATOR STEVENSON: YES. I DO NOT THINK IT SHOULD BE DIFFICULT TO CONTRIVE A FAR MORE EFFECTIVE FORMULA THAN THAT. IT'S NARROW IN IT'S SCOPE AND ITS EFFECTIVENESS ON THE ONE SUBJECT IT'S FOCUSSED ON IS HIGHLY DEBATABLE. WE HAVE DEPRIVED OURSELVES OF LEVERAGE. NOW NO CREDITS ARE AVAILABLE, AND WE'VE LEFT OURSELVES OPEN TO THIS CONTINUING, NAGGING CHARGE OF INTERFERENCE IN INTERNAL AFFAIRS WHICH...

QUESTION: DO YOU THINK THERE'S ANY JUSTICE TO THAT?

SENATOR STEVENSON: I CERTAINLY THINK THAT WE HAVE A LEGITIMATE INTEREST IN THE HUMAN CONDITION IN EVERY COUNTRY AND SHOULD DO

WHAT WE CAN, REASONABLY, TO IMPROVE THAT CONDITION. SOME ACTIONS, HOWEVER WELL INTENTIONED, CAN HAVE A PERVERSE OR REVERSE EFFECT. AND THAT'S A DANGER IN THE JACKSON-VANIK AMENDMENT, JUST AS COMPLAINTS BEYOND A POINT ABOUT SHCHARANSKIY COULD PRODUCE A TRIAL OF SHCHARANSKIY. BEYOND A POINT THEY CAN'T BACK DOWN. IT'S OCCURRED TO ME FROM TIME TO TIME THAT IT MUST BE VERY PERPLEXING TO THEM TO REALIZE, ESPECIALLY TO THOSE OLD FELLOWS WHO HAVE BEEN AROUND A LONG TIME, TO KNOW THAT IN THE DAYS OF STALIN WHEN THE REPRESSION WAS AT ITS WORST THERE WAS NOT MUCH COMPLAINT FROM THE WEST. AS THINGS HAVE LOOSENED UP A BIT IN RUSSIA, THERE'S BEEN MORE OF A CLAMOR. THERE WASN'T

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MUCH. SO THE PRESSURE SHOULD BE KEPT ON AND TO MY WAY OF THINKING IT'S LARGELY A MATTER OF HOW YOU DO IT, MAKING IT AS EASY AS POSSIBLE FOR THEM TO LOOSEN...

QUESTION: WHAT, SPECIFICALLY, DO YOU THINK HAVE BEEN THE COSTS TO THE UNITED STATES OF JACKSON-VANIK, OR THE COSTS IN TERMS OF JEWISH EMIGRATION?

SENATOR STEVENSON: I CAN'T ... YOU HEAR ESTIMATES ALL OVER THE LOT. THEY'LL CLAIM THAT IT'S COST US HUNDREDS AND HUNDREDS OF MILLIONS OF DOLLARS OF LOST SALES. BUSINESSMEN UNIFORMLY ARE UNHAPPY WITH THE SITUATION AND COMPLAIN THAT THEY ARE LOSING SALES. BUT I CAN'T JUDGE ALL THIS, I'M SURE WE'VE LOST SOME. I'D BE VERY SURPRISED IF WE'D LOST ANYWHERE NEAR AS MUCH AS THE SOVIETS INDICATED OR AS MUCH AS SOME BUSINESSMEN INDICATE. I DON'T THINK THAT THAT'S THE BASIS FOR DETERMINING WHAT TO DO. IN OTHER WORDS, I'M NOT WILLING TO COMPROMISE A SOUND PRINCIPLE FOR CASH. BUT IT MAY BE POSSIBLE TO SERVE OUR OWN ECONOMIC INTEREST AND TO MORE EFFECTIVELY SUPPORT OUR OWN PRINCIPLES, WHICH IS WHAT I'M TRYING TO DO.

QUESTION: YOU ARE IN FAVOR OF INCREASED TRADE?

SENATOR STEVENSON: YES, I THINK WE SHOULD TRY TO BREAK DOWN ARTIFICIAL BARRIERS, THERE ARE SOME BARRIERS THAT MUST BE KEPT UP AND IN PARTICULAR WITH RESPECT TO TRANSFERS OF HIGH TECHNOLOGY THAT HAS MILITARY IMPLICATIONS. BUT TRADE AND ECONOMIC COOPERATION GENERALLY, EFFORTS TO DRAW THE SOVIET UNION INTO A GLOBAL ECONOMIC SYSTEM, COULD, ONE, MAKE IT EASIER TO CONDUCT BUSINESS WITH OTHER COUNTRIES IN EASTERN EUROPE, ALL OF WHICH ARE VICTIMS OF OUR DIFFICULTIES WITH THE SOVIET UNION, LOOSENING UP THE BLOC AND, IN ADDITION TO THE ECONOMIC BENEFITS FOR BOTH SIDES, FACILITATE PROGRESS ON ALL THE POLITICAL ISSUES.

QUESTION: WHAT DID MISTER PATOLICHEV HAVE TO SAY IN YOUR CON-

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VERSATION WITH HIM?

SENATOR STEVENSON: I MADE MY USUAL POINTS. YOU NEVER KNOW
QUITE HOW MUCH IS GETTING THROUGH. HIS RESPONSE WAS: "IT'S
TIME FOR ACTION". I THINK THAT THE ACTIONS HE WAS SUGGESTING
HAD TO DO WITH JACKSON-VANIK. THEY WANT TRADE, THEY'RE GETTING
A LITTLE IMPATIENT WITH BILATERAL DISCUSSION OF ECONOMIC INTER-
ESTS. HE COMPLAINED ABOUT OUR ATTENTION TO HUMAN RIGHTS AND
SUGGESTED THAT THE TIME HAD COME FOR SOME ACTIONS AND THAT
THE SHOE IS ON OUR FOOT.

QUESTION: DID YOU MENTION TO HIM ABOUT SHCHARANSKIY?

SENATOR STEVENSON: YES, I MENTIONED THE SORTS OF GENERAL WAYS.
I'VE TRIED TO LUMP AFRICA, DISSIDENTS, EMIGRATION, SHCHARANSKIY,
THE MIDDLE EAST, WITH SOME EMPHASIS ON THE MIDDLE EAST. THERE'S
A REAL CONNECTION THERE WHICH THEY OUGHT TO BE ABLE TO SEE BE-
TWEEN TRADE AND PEACE IN THE MIDDLE EAST. BUT, AS I SAY, I
HALF EXPECTED SOME EXPLOSIONS BUT, ONCE, A MILD ONE, ON THE
WHOLE THE CONVERSATIONS WERE VERY CORDIAL. NO EXPLOSIONS.

QUESTION: DID PATOLICHEV COME UP WITH ANYTHING SPECIFIC, ANY
RECOMMENDATIONS OR ANYTHING?

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SENATOR STEVENSON: NO, HE DIDN'T SAY ANYTHING SPECIFIC. THAT WAS NOT ONE OF THE MOST PRODUCTIVE...

QUESTION: DID HE SAY ANYTHING AT ALL ABOUT JEWISH EMIGRATION BEING UP, OR ANYTHING TO THAT EFFECT, OR ANYTHING TO HINT THAT THE PROBLEMS WHICH JACKSON-VANIK ADDRESSED...?

SENATOR STEVENSON: NO. THEY WEREN'T ARGUING THE POINT WITH ME. THEY WERE MOVING ON AS IF EVERYTHING HAD BEEN SAID THAT NEEDED TO BE SAID ON THAT. WHY WASTE TIME?

QUESTION: AND AFTER HAVING THESE DISCUSSIONS, HOW DO YOU FEEL? WHAT IMPRESSION DO YOU TAKE AWAY FROM YOUR TALKS WITH GROMYKO, PATOLICHEV?

SENATOR STEVENSON: WELL, FOR ONE THING, THEY DON'T NEED OUR CREDITS. I MEANT TO SAY EX-IM BANK CREDITS, GOVERNMENT SUPPORTED CREDITS.

QUESTION: THESE ARE FAVORABLE RATES?

SENATOR STEVENSON: THEY CAN BORROW IN LONDON AT THREE-QUARTERS OF A PERCENT OVER THE INTER-BANK RATE. NOW, I DON'T KNOW WHERE THAT IS EXACTLY, BUT THAT MUST BE VERY CLOSE TO EX-IM OR UNCLASSIFIED

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MAYBE EVEN LOWER. THEY HAVE CREDIT AVAILABLE FROM COMMERCIAL SOURCES, FROM GOVERNMENT-SUPPORTED EXPORT FACILITIES WORLD-WIDE.

QUESTION: BUT I THOUGHT THAT WAS SORT OF SOFTENING OVER THE PAST... BECAUSE OF THE BUILDUP OF THEIR DEBT SERVICING.

SENATOR STEVENSON: I DON'T ... IT CERTAINLY IS IN SOME OF THE EASTERN EUROPEAN COUNTRIES. THERE'S GREAT CONCERN ABOUT POLAND, FOR EXAMPLE. YOU HEAR TALK ABOUT THE SOVIET UNION AND THE BLOC AND IT'S OVERALL HARD CURRENCY DEBT OF FORTY BILLION DOLLARS. BUT THERE DOESN'T SEEM TO BE ANY SHORTAGE OF LENDERS READY TO LEND TO THE SOVIET UNION ON LIBERAL TERMS. AS YOU LOOK AROUND THE WORLD, I DON'T THINK IT'S TOO HARD TO UNDERSTAND WHY. THEY'RE AWASH WITH LIQUIDITY. THEY'RE UNDER GREAT PRESSURE, OR TEMPTATION, TO LEND, AND WITH NOT MANY CREDIT-WORTHY BORROWERS. THIS IS ONE OF OUR CONCERNS IN THE UNITED STATES WHERE OUR COMMERCIAL BANKS ARE PARTICULARLY IN THE L.D.C.S. THE SOVIET UNION HAS A GOOD CREDIT RECORD. IT'S ONE OF THE SUPER POWERS. ITS TOTAL... I HAVEN'T BEEN ABLE TO GET A HARD FIGURE OUT OF THEM, I'VE BEEN TRYING, ON WHAT EXACTLY THEIR EXTERNAL DEBT IS. I SAY, TWELVE BILLION? "TWELVE BILLION." FOURTEEN BILLION? "FOURTEEN BILLION." SIXTEEN BILLION? "SIXTEEN BILLION." EIGHTEEN BILLION? "YOU CAN HAVE EIGHTEEN BILLION

DOLLARS." THAT'S JUST THE WAY THEY'VE BEEN WITH ME. SO I DON'T KNOW WHETHER THESE CREDITORS, THE BANKS, ARE BEING REASONABLE OR NOT. BUT STILL, IT'S A STRONG ECONOMY, IT'S LARGELY INSULATED, TO A GREATER EXTENT THAN MOST IN THE WEST, INSULATED FROM ALL OF THE VISCISITUDES OF THE WORLD ECONOMY. IT'S STILL SELF-SUFFICIENT IN ENERGY. THERE ARE GROWING DOUBTS ABOUT THE WORST-CASE SCENARIO OF THE C.I.A. I REALLY DON'T THINK IT'S VERY HARD TO UNDERSTAND WHY THESE BANKS LOOK UPON THIS, EVERYTHING BEING RELATIVE, AS A VERY GOOD CREDIT. THEY SEEM TO WANT IT

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BECAUSE... THE WORD THEY KEPT USING WAS "PRESTIGE". FOR POLITICAL PURPOSES.

QUESTION: MOST FAVORED NATION AND EX-IM BANK LOANS?

SENATOR STEVENSON: WELL, THEY CERTAINLY MADE IT CLEAR THAT THEY WANT THE IMPRIMATUR OF THE GOVERNMENT, THROUGH EX-IM BANK FINANCING ON WHATEVER THE TRANSACTIONS ARE. I THOUGHT THEY WANTED THAT FOR PSYCHOLOGICAL AND POLITICAL REASONS - THIS WAS PRESTIGE, THIS WAS BEING TREATED AS THE GREAT POWER THAT THEY PERCEIVE THEMSELVES TO BE, THIS HAS TO DO NOT WITH THEIR FINANCIAL CONDITION BUT WITH THEIR POLITICAL STATUS IN THE WORLD. AND CONVERSELY, THEY BITTERLY RESENT BEING SINGLED OUT FOR DISCRIMINATORY TREATMENT AS IF THEY WERE NOT A GREAT POWER OR AS IF THEY WERE A BAD CREDIT RISK.

QUESTION: IN LIGHT OF ALL THIS, DO YOU COME AWAY WITH THE FEELING THAT IN FACT WE SHOULD BE MORE FLEXIBLE ON THE QUESTION OF CREDITS?

SENATOR STEVENSON: I STILL THINK MY APPROACH IS A VERY SOUND ONE, AND THAT IT IS A MORE FLEXIBLE APPROACH. IT'S SOUND BECAUSE IT DOES FACILITATE TRADE AND IT ALSO GIVES US LEVERAGE.

QUESTION: NOTHING YOU HAVE EXPERIENCED HERE HAS CHANGED YOUR VIEW? YOU'RE NEITHER MORE IN FAVOR NOR LESS IN FAVOR THAN YOU WERE BEFORE YOU ARRIVED?

SENATOR STEVENSON: I HAVEN'T BEEN ABLE TO COME UP WITH A BETTER FORMULA. I DON'T THINK WE HAVE QUITE THE BARGAINING POSITION WE ONCE DID. FOR ONE THING, WE'RE MORE DEPENDENT ON EXPORTS THAN WE WERE WHEN WE STARTED OUT FOUR YEARS AGO. LOOK AT THE TRADE DEFICIT.

QUESTION: DID MINISTER PATOLICHEV RAISE THE MATTER OF THE FIGURES OF U.S.-SOVIET TRADE IN SEVENTY-SEVEN THAT ARE DOWN A

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CERTAIN PERCENT?

SENATOR STEVENSON: YES HE DID. I DON'T KNOW WHETHER HE GAVE US THE FIGURES BUT THE POINT HAS BEEN MADE THAT WE'RE LOSING BUSINESS AND TRADE HAS TAPERED OFF. I DON'T THINK IT HAS ACTUALLY TAPERED OFF A WHOLE LOT. IT'S BEEN FAIRLY STABLE LATELY.

QUESTION: TWENTY-FIVE PERCENT IN INDUSTRIAL GOODS.

SENATOR STEVENSON: FROM WHEN TO WHEN? TWENTY-FIVE PERCENT IN INDUSTRIAL GOODS?

QUESTION: NON-AGRICULTURAL GOODS. WELL, OVERALL IT WAS, FOR THE FIRST NINE MONTHS OF THE YEAR.

QUESTION: DO YOU DRAW THE CONCLUSION FROM ALL THIS THAT THEY OUGHT TO BE GETTING SOME FORM OF GOVERNMENT CREDIT FROM THE UNITED STATES?

SENATOR STEVENSON: I THINK THE CREDITS OUGHT TO BE AVAILABLE.

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NOT WITH A BLANK CHECK. WHETHER THEY GET THEM SHOULD DEPEND ON THE NEED FOR THOSE CREDITS TO SUPPORT OUR EXPORTS AND, SECONDLY, THE OVERALL RELATIONSHIP BETWEEN THE TWO COUNTRIES.

QUESTION: DO YOU PLAN TO GO BACK AND WORK FOR THE REPEAL OF

JACKSON-VANIK?

SENATOR STEVENSON: IT DEPENDS LARGELY ON THE CONDITION OF OUR BILATERAL RELATIONSHIP WITH THE SOVIET UNION.

QUESTION: AT THE TIME?

SENATOR STEVENSON: AT THE TIME. AND THE SUPPORT THAT I CAN GET FOR MY PROPOSAL OR SOME VARIATION OF IT. I'VE BEEN SAYING THIS AND I MEAN IT. IT'S PART OF THE WHOLE APPROACH. IT'S GOING TO DEPEND ON SOVIET CONDUCT.

QUESTION: TO SIMPLIFY IT, YOU'RE KIND OF LEAVING IT UP TO THEM TO MAKE A GESTURE ON SOME OF THESE...

SENATOR STEVENSON: WELL, I DIDN'T SUGGEST GESTURES. PROGRESS. PROGRESS. SALT AND THE MIDDLE EAST - THERE COULD BE PROGRESS IN THE NEAR FUTURE ON BOTH THE MIDDLE EAST AND SALT. PLENTY OF TIME FOR ACTION ON THIS LEGISLATION.

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QUESTION: YOUR PROPOSAL IS SORT OF AN ALTERNATIVE IF THINGS GET BETTER? IN OTHER WORDS, IF THERE'S AN IMPROVEMENT IN RELATIONS...

SENATOR STEVENSON: I THINK IT'S PRETTY CLEAR THAT IF THERE'S NOT AN IMPROVEMENT IN RELATIONS THERE'S NOT GOING TO BE ANY CHANGE IN THIS CONGRESS.

QUESTION: DID PATOLICHEV MENTION THAT TRADE COULD GO UP TO A CERTAIN FIGURE IF THERE IS NO JACKSON-VANIK?

SENATOR STEVENSON: NO. WE DIDN'T GET ANY FIGURES. WE DID ASK THEM A LITTLE ABOUT THE KIND OF COMMODITIES THAT THEY MIGHT BE SEEKING AND GOT FAIRLY GENERAL ANSWERS. IT'S BEEN ONE OF THE PROBLEMS IN THE CONGRESS; UNLIKE MOST COUNTRIES, THESE ARE ALL CAPITAL GOODS WE THAT WE'RE TALKING ABOUT. IT'S ALL FINANCING FOR THE DEVELOPMENT OF THE COUNTRY, WHICH RAISES LEGITIMATE ISSUES AND SOME OPPOSITION. LABOR DOESN'T LIKE THE NOTION, THIS THOUGHT OF DEVELOPING SOVIET INDUSTRY AT THE EXPENSE OF JOBS IN AMERICA. NO FIGURES, THOUGH.

QUESTION: IN ONE WORD, HOW WOULD YOU DESCRIBE THE RESULTS OF YOUR VISIT?

SENATOR STEVENSON: INTERESTING. FRANK, AND, ON THE WHOLE, HOPEFUL. I THINK THERE ARE PROSPECTS, BUT MUCH WILL DEPEND ON WHAT HAPPENS IN THE NEXT FEW WEEKS IN GENEVA AND THE MIDDLE EAST. (END TEXT)

3. FYI: PRESENT WERE REPRESENTATIVES OF ASSOCIATED PRESS,
UNITED PRESS INTERNATIONAL, CHICAGO DAILY NEWS, WASHINGTON POST,
NEW YORK TIMES, AND NORTH AMERICAN NEWSPAPER ALLIANCE (LATTER
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ALSO REPRESENTING JOURNAL OF COMMERCE). OTHER RESIDENT U.S.
CORRESPONDENTS CURRENTLY ON FOREIGN MINISTRY-SPONSORED TOUR OF
WESTERN SIBERIA OIL AND GAS FIELDS.

4. CONTENT OF THIS MESSAGE HAS BEEN APPROVED BY SENATOR
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MOSCOW00717
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780023-0943
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780159/aaaabycc.tel
Line Count: 889
Litigation Code IDs:
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Litigation History:
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Message ID: 638f63e3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 17
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3768588
Secure: OPEN
Status: NATIVE
Subject: CODEL STEVENSON PRESS CONFERENCE
TAGS: OREP, SOPN, UR, (STEVENSON, ADLAI E)
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/638f63e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014